

**DUKE ENERGY PROGRESS**  
**UNCONSOLIDATED SCHEDULE OF OUTSTANDING FIRST MORTGAGE BONDS, NOTES AND**  
**OTHER OBLIGATIONS**  
**March 31, 2019**  
(Dollars in Thousands)

Description of Securities	Date of Issuance	Date of Maturity	Amount Outstanding
<b>First Mortgage Bonds</b>			
8.625%	10/2/1991	9/15/2021	100,000,000
6.125%	9/11/2003	9/15/2033	200,000,000
5.700%	3/22/2005	4/1/2035	200,000,000
6.300%	3/13/2008	4/1/2038	325,000,000
3.000%	9/15/2011	9/15/2021	500,000,000
2.800%	5/18/2012	5/15/2022	500,000,000
4.100%	5/18/2012	5/15/2042	500,000,000
4.100%	3/12/2013	3/15/2043	500,000,000
4.375%	3/6/2014	3/30/2044	400,000,000
4.150%	11/20/2014	12/1/2044	500,000,000
3.250%	8/13/2015	8/15/2025	500,000,000
4.200%	8/13/2015	8/15/2045	700,000,000
3.700%	9/16/2016	10/15/2046	450,000,000
2.227%	9/8/2017	9/8/2020	300,000,000
3.600%	9/8/2017	9/15/2047	500,000,000
3.375%	8/9/2018	9/1/2023	300,000,000
3.700%	8/9/2018	9/1/2028	500,000,000
3.450%	3/7/2019	3/15/2029	600,000,000
Subtotal			<b>\$ 7,575,000,000</b>
<b>Tax Exempt Bond Obligations</b>			
2002 WAKE US BANK	6/6/2013	6/1/2041	48,485,000
Subtotal			<b>\$ 48,485,000</b>
<b>Total Mortgage and Pollution Control Bonds</b>			<b>\$ 7,623,485,000</b>
Obligations under capital lease			310,595,073
<b>Total Unconsolidated Long-Term Debt and Capital Leases</b>			<b>\$ 310,595,073</b>
Other Long Term Debt	12/14/2018	12/31/2020	700,000,000
Commercial Paper			150,000,000
Unamortized Debt Discount and Premium, Net			(17,506,674)
<b>Total Unconsolidated Long-Term Debt</b>			<b>\$ 8,766,573,399</b>

**Note**

Detail amounts may not add to totals shown due to rounding.

-----  
CAROLINA POWER & LIGHT COMPANY

TO

THE BANK OF NEW YORK,

TRUSTEE

-----  
INDENTURE  
(FOR SENIOR NOTES)

DATED AS OF MARCH 1, 1999  
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## RECITAL OF THE COMPANY

INDENTURE, dated as of March 1, 1999, between CAROLINA POWER & LIGHT COMPANY, a corporation duly organized and existing under the laws of the State of North Carolina (herein called the "Company"), having its principal office at 411 Fayetteville Street, Raleigh, North Carolina 27601-1748, and THE BANK OF NEW YORK, a banking corporation of the State of New York, having its principal office at 101 Barclay Street, New York, New York, 10286, as Trustee (herein called the "Trustee").

## RECITAL OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its senior notes (herein called the "Notes"), in an unlimited aggregate principal amount, to be issued in one or more series as contemplated herein; and all acts necessary to make this Indenture a valid agreement of the Company have been performed.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms used herein shall have the meanings assigned to them in Article One of this Indenture.

## NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes or of series thereof, as follows:

## ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

### SECTION 101. DEFINITIONS.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article have the meaning assigned to them in this Article and include the plural as well as the singular;
- (b) all terms used herein without definition which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States at

the date of such computation or, at the election of the Company from time to time, at the date of the execution and delivery of this Indenture; provided, however, that in determining generally accepted accounting principles applicable to the Company, the Company shall, to the extent required, conform to any order, rule or regulation of any administrative agency, regulatory authority or other governmental body having jurisdiction over the Company; and

(d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Ten, are defined in that Article.

"ACT", when used with respect to any Holder of a Note, has the meaning specified in Section 104.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "CONTROL" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AUTHENTICATING AGENT" means any Person (other than the Company or an Affiliate of the Company) authorized by the Trustee pursuant to Section 1015 to act on behalf of the Trustee to authenticate one or more series of Notes or Tranche thereof.

"AUTHORIZED OFFICER" means the Chairman of the Board, the President, any Vice President, the Treasurer or any other duly authorized officer of the Company.

"BOARD OF DIRECTORS" means either the board of directors of the Company or any committee thereof duly authorized to act or any director or directors and/or officer or officers of the Company to whom that board or committee shall have duly delegated its authority in respect of matters relating to this Indenture.

"BOARD RESOLUTION" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"BUSINESS DAY", when used with respect to a Place of Payment or any other particular location specified in the Notes or this Indenture, means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in such Place of Payment or other location are generally authorized or required by law, regulation or executive order to remain closed, except as may be otherwise specified as contemplated by Section 301.

"CAPITALIZATION" means the total of all the following items appearing on, or included in, the consolidated balance sheet of the Company: (i) liabilities for indebtedness maturing more than twelve (12) months from the date of determination; and (ii) common stock, preferred stock, premium on capital stock, capital surplus, capital in excess of par value, and retained earnings (however the foregoing may be designated), less, to the extent not otherwise deducted, the cost of shares of capital stock of the Company held in its treasury.

Subject to the foregoing, Capitalization shall be determined in accordance with generally accepted accounting principles and practices applicable to the type of business in which the Company is engaged and that are approved by independent accountants regularly retained by the Company, and may be determined as of a date not more than (sixty) 60 days prior to the happening of an event for which such determination is being made.

"COMMISSION" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the date of execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body, if any, performing such duties at such time.

"COMPANY" means the Person named as the "Company" in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"COMPANY REQUEST" or "COMPANY ORDER" means a written request or order signed in the name of the Company by an Authorized Officer and delivered to the Trustee.

"CORPORATE TRUST OFFICE" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of execution and delivery of this Indenture is located at 101 Barclay Street, New York, New York, 10286.

"CORPORATION" means a corporation, association, company, limited liability company, joint stock company or business trust.

"DEFAULTED INTEREST" has the meaning specified in Section 307.

"DEPOSITARY" means, with respect to Notes of any series issuable in whole or in part in form of one or more Global Notes, a clearing agency registered under the Exchange Act that is designated to act as Depositary for such Notes as contemplated by Section 301.

"DISCOUNT NOTE" means any Note which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 902. "INTEREST" with respect to a Discount Note means interest, if any, borne by such Note at a Stated Interest Rate.

"DOLLAR" or "\$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

"ELIGIBLE OBLIGATIONS" means:

(a) with respect to Notes denominated in Dollars, Government Obligations; or

(b) with respect to Notes denominated in a currency other than Dollars or in a composite currency, such other obligations or instruments as shall be specified with respect to such Notes, as contemplated by Section 301.

"EVENT OF DEFAULT" has the meaning specified in Section 901.

"EXCHANGE ACT" means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

"EXPERT" means any officer of the Company familiar with the terms of the First Mortgage and this Indenture, any law firm, any investment banking firm, any accounting firm, or any other Person, in each case that is appointed by Company Request, is an expert in the applicable matter, and is satisfactory in the reasonable judgment of the Trustee.

"FIRST MORTGAGE" means the Company's Mortgage and Deed of Trust, dated as of May 1, 1940, to Irving Trust Company (now The Bank of New York) and Frederick G. Herbst (Douglas J. MacInnes, successor), as trustees, as supplemented and amended from time to time.

"FIRST MORTGAGE BONDS" means all first mortgage bonds issued by the Company and outstanding under the First Mortgage, other than Senior Note First Mortgage Bonds.

"GLOBAL NOTE" means a Note that evidences all or part of the Notes of any series and bears such legend as may be specified as contemplated by Section 301 for such Notes.

"GOVERNMENTAL AUTHORITY" means the government of the United States or of any State or Territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any thereof, or any department, agency, authority or other instrumentality of any of the foregoing.

"GOVERNMENT OBLIGATIONS" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States entitled to the benefit of the full faith and credit thereof; and

(b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust



company (which may include the Trustee or any Paying Agent) subject to Federal or state supervision or examination with a combined capital and surplus of at least \$100,000,000; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom.

"HOLDER" means a Person in whose name a Note is registered in the Note Register.

"INDENTURE" means this instrument as originally executed and delivered and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Notes established as contemplated by Section 301.

"INDEPENDENT" when used with respect to any specified Person means such a Person who is in fact independent and selected by the Company and approved by the Trustee in the exercise of reasonable care.

"INTEREST PAYMENT DATE", when used with respect to any Note, means the Stated Maturity of an installment of interest on such Note.

"MATURITY", when used with respect to any Note, means the date on which the principal of such Note or an installment of principal becomes due and payable as provided in such Note or in this Indenture, whether at the Stated Maturity, by declaration of acceleration, upon call for redemption or otherwise.

"MORTGAGE TRUSTEE" means the Corporate Trustee at the time under the First Mortgage (as such term is defined in the First Mortgage).

"NET TANGIBLE ASSETS" means the amount shown as total assets on the consolidated balance sheet of the Company, less the following: (i) intangible assets including, but without limitation, such items as goodwill, trademarks, trade names, patents, and unamortized debt discount and expense and other regulatory assets carried as an asset on the Company's consolidated balance sheet; and (ii) appropriate adjustments, if any, on account of minority interests.

Net Tangible Assets shall be determined in accordance with generally accepted accounting principles and practices applicable to the type of business in which the Company is engaged and that are approved by the independent accountants regularly retained by the Company, and may be determined as of a date not more than (sixty) 60 days prior to the happening of the event for which such determination is being made.

"NOTE REGISTER" and "NOTE REGISTRAR" have the respective meanings specified in Section 305.

"NOTES" has the meaning stated in the first recital of this Indenture and more particularly means any notes authenticated and delivered under this Indenture.

"OFFICER'S CERTIFICATE" means a certificate signed by an Authorized Officer and delivered to the Trustee.

"OPINION OF COUNSEL" means a written opinion of counsel, who may be counsel for the Company, or other counsel acceptable to the Trustee.

"OUTSTANDING", when used with respect to Notes, means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) Notes theretofore canceled by the Trustee or the Note Registrar or delivered to the Trustee or the Note Registrar for cancellation;

(b) Notes deemed to have been paid in accordance with Section 801; and

(c) Notes which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it and the Company that such Notes are held by a bona fide purchaser or purchasers in whose hands such Notes are valid obligations of the Company;

provided, however, that in determining whether or not the Holders of the requisite principal amount of the Notes Outstanding under this Indenture, or the Outstanding Notes of any series or Tranche, have given any request, demand, authorization, direction, notice, consent or waiver hereunder or whether or not a quorum is present at a meeting of Holders of Notes,

(x) Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor (unless the Company, such Affiliate or such obligor owns all Notes Outstanding under this Indenture, or all Outstanding Notes of each such series and each such Tranche, as the case may be, determined without regard to this clause (x)) shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Notes which the Trustee knows to be so owned shall be so disregarded; provided, however, that Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor; and

(y) the principal amount of a Discount Note that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that



would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 902; provided, further, that, in the case of any Note the principal of which is payable from time to time without presentment or surrender, the principal amount of such Note that shall be deemed to be Outstanding at any time for all purposes of this Indenture shall be the original principal amount thereof less the aggregate amount of principal thereof theretofore paid.

"PAYING AGENT" means any Person, including the Company, authorized by the Company to pay the principal of and premium, if any, or interest, if any, on any Notes on behalf of the Company.

"PERIODIC OFFERING" means an offering of Notes of a series from time to time any or all of the specific terms of which Notes, including without limitation the rate or rates of interest, if any, thereon, the Stated Maturity or Maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Company or its agents upon the issuance of such Notes.

"PERSON" means any individual, corporation, partnership, joint venture, trust or unincorporated organization or any Governmental Authority.

"PLACE OF PAYMENT", when used with respect to the Notes of any series, or Tranche thereof, means the place or places, specified as contemplated by Section 301, at which, subject to Section 702, principal of and premium, if any, and interest, if any, on the Notes of such series or Tranche are payable.

"PREDECESSOR NOTE" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed (to the extent lawful) to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"REDEMPTION DATE", when used with respect to any Note to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"REDEMPTION PRICE", when used with respect to any Note to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"REGULAR RECORD DATE" for the interest payable on any Interest Payment Date on the Notes of any series means the date specified for that purpose as contemplated by Section 301.

"RELEASE DATE" means the date as of which all First Mortgage Bonds, other than First Mortgage Bonds which, at the time of determination, do not in aggregate principal amount exceed the greater of five percent (5%) of Net Tangible Assets or five percent (5%) of Capitalization, have been retired through payment, redemption or otherwise (including those First Mortgage Bonds the payment for which has been provided for in accordance with the First

Mortgage) at, before or after the maturity thereof, provided that no default or Event of Default has occurred and, at the time of determination, is continuing.

"REQUIRED CURRENCY" has the meaning specified in Section 311.

"RESPONSIBLE OFFICER", when used with respect to the Trustee, means any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"SENIOR NOTE FIRST MORTGAGE BONDS" shall mean any bonds issued by the Company under the First Mortgage and delivered to the Trustee pursuant to Section 401 hereof.

"SPECIAL RECORD DATE" for the payment of any Defaulted Interest on the Notes of any series means a date fixed by the Trustee pursuant to Section 307.

"STATED INTEREST RATE" means a rate (whether fixed or variable) at which an obligation by its terms is stated to bear interest. Any calculation or other determination to be made under this Indenture by reference to the Stated Interest Rate on a Note shall be made without regard to the effective interest cost to the Company of such Note and without regard to the Stated Interest Rate on, or the effective cost to the Company of, any other indebtedness in respect of which the Company's obligations are evidenced or secured in whole or in part by such Note.

"STATED MATURITY", when used with respect to any obligation or any installment of principal thereof or interest thereon, means the date on which the principal of such obligation or such installment of principal or interest is stated to be due and payable (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension).

"TRANCHE" means a group of Notes which (a) are of the same series and (b) have identical terms except as to principal amount.

"TRUST INDENTURE ACT" means, as of any time, the Trust Indenture Act of 1939, or any successor statute, as in effect at such time.

"TRUSTEE" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such with respect to one or more series of Notes pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Notes of any series shall mean the Trustee with respect to Notes of that series.

"UNITED STATES" means the United States of America, its Territories, its possessions and other areas subject to its political jurisdiction.

## SECTION 102. COMPLIANCE CERTIFICATES AND OPINIONS.

Except as otherwise expressly provided in this Indenture, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each Person signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such Person, such condition or covenant has been complied with.

## SECTION 103. FORM OF DOCUMENTS DELIVERED TO TRUSTEE.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer's certificate or opinion are based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care

should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever, subsequent to the receipt by the Trustee of any Board Resolution, Officer's Certificate, Opinion of Counsel or other document or instrument, a clerical, typographical or other inadvertent or unintentional error or omission shall be discovered therein, a new document or instrument may be substituted therefor in corrected form with the same force and effect as if originally filed in the corrected form and, irrespective of the date or dates of the actual execution and/or delivery thereof, such substitute document or instrument shall be deemed to have been executed and/or delivered as of the date or dates required with respect to the document or instrument for which it is substituted. Anything in this Indenture to the contrary notwithstanding, if any such corrective document or instrument indicates that action has been taken by or at the request of the Company which could not have been taken had the original document or instrument not contained such error or omission, the action so taken shall not be invalidated or otherwise rendered ineffective but shall be and remain in full force and effect, except to the extent that such action was a result of willful misconduct or bad faith. Without limiting the generality of the foregoing, any Notes issued under the authority of such defective document or instrument shall nevertheless be the valid obligations of the Company entitled to the benefits of this Indenture equally and ratably with all other Outstanding Notes, except as aforesaid.

#### SECTION 104. ACTS OF HOLDERS.

(a) Any request, demand, authorization, direction, notice, consent, election, waiver or other action provided by this Indenture to be made, given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing or, alternatively, may be embodied in and evidenced by the record of Holders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders duly called and held in accordance with the provisions of Article Fourteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Note, shall be sufficient for any purpose of this Indenture and (subject to Section 1001) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section. The record of any meeting of Holders shall be proved in the manner provided in Section 1406.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary

public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof or may be proved in any other manner which the Trustee and the Company deem sufficient. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The principal amount (except as otherwise contemplated in clause (y) of the proviso to the definition of Outstanding) and serial numbers of Notes held by any Person, and the date of holding the same, shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, election, waiver or other Act of a Holder shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(e) Until such time as written instruments shall have been delivered to the Trustee with respect to the requisite percentage of principal amount of Notes for the action contemplated by such instruments, any such instrument executed and delivered by or on behalf of a Holder may be revoked with respect to any or all of such Notes by written notice by such Holder or any subsequent Holder, proven in the manner in which such instrument was proven.

(f) Notes of any series, or any Tranche thereof, authenticated and delivered after any Act of Holders may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any action taken by such Act of Holders. If the Company shall so determine, new Notes of any series, or any Tranche thereof, so modified as to conform, in the opinion of the Trustee and the Company, to such action may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Notes of such series or Tranche.

(g) If the Company shall solicit from Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on the record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of the Outstanding Notes have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Notes shall be computed as of such record date.

#### SECTION 105. NOTICES, ETC. TO TRUSTEE AND COMPANY.

Any request, demand, authorization, direction, notice, consent, election, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or

furnished to, or filed with, the Trustee by any Holder or by the Company, or the Company by the Trustee or by any Holder, shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and delivered personally to an officer or other responsible employee of the addressee, or transmitted by facsimile transmission or other direct written electronic means to such telephone number or other electronic communications address as the parties hereto shall from time to time designate, or transmitted by certified or registered mail, charges prepaid, to the applicable address set opposite such party's name below or to such other address as either party hereto may from time to time designate:

If to the Trustee, to:

The Bank of New York  
101 Barclay Street -21W  
New York, New York 10286

Attention: Corporate Trust Administration  
Telephone: (212) 815-5359  
Telecopy: (212) 815-5915

If to the Company, to:

Carolina Power & Light Company  
411 Fayetteville Street  
Raleigh, North Carolina 27601-1768

Attention: Mark F. Mulhern, Treasurer  
Telephone: (919) 546-6373  
Telecopy: (919) 546-7826

Any communication contemplated herein shall be deemed to have been made, given, furnished and filed if personally delivered, on the date of delivery, if transmitted by facsimile transmission or other direct written electronic means, on the date of transmission, and if transmitted by certified or registered mail, on the date of receipt.

#### **SECTION 106. NOTICE TO HOLDERS OF NOTES; WAIVER.**

Except as otherwise expressly provided herein, where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given, and shall be deemed given, to Holders if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at the address of such Holder as it appears in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to Holders is given by mail, neither the failure to



mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Any notice required by this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event otherwise to be specified therein, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

#### SECTION 107. CONFLICT WITH TRUST INDENTURE ACT.

If any provision of this Indenture limits, qualifies or conflicts with another provision hereof which is required or deemed to be included in this Indenture by, or is otherwise governed by, any of the provisions of the Trust Indenture Act, such other provision shall control; and if any provision hereof otherwise conflicts with the Trust Indenture Act, the Trust Indenture Act shall control.

#### SECTION 108. EFFECT OF HEADINGS AND TABLE OF CONTENTS.

The Article and Section headings in this Indenture and the Table of Contents are for convenience only and shall not affect the construction hereof.

#### SECTION 109. SUCCESSORS AND ASSIGNS.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

#### SECTION 110. SEPARABILITY CLAUSE.

In case any provision in this Indenture or the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

#### SECTION 111. BENEFITS OF INDENTURE.

Nothing in this Indenture or the Notes, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

#### SECTION 112. GOVERNING LAW.

This Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York, except to the extent that the law of any other jurisdiction shall be mandatorily applicable.

### SECTION 113. LEGAL HOLIDAYS.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Note shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Notes other than a provision in Notes of any series, or any Tranche thereof, or in the indenture supplemental hereto, Board Resolution or Officer's Certificate which establishes the terms of the Notes of such series or Tranche, which specifically states that such provision shall apply in lieu of this Section) payment of interest or principal and premium, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to such Business Day.

## ARTICLE II NOTE FORMS

### SECTION 201. FORMS GENERALLY.

The definitive Notes of each series shall be in substantially the form or forms thereof established in the indenture supplemental hereto establishing such series or in a Board Resolution establishing such series, or in an Officer's Certificate pursuant to such supplemental indenture or Board Resolution, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes. **If the form or forms of Notes of any series are established in a Board Resolution or in an Officer's Certificate pursuant to an indenture supplemental hereto or a Board Resolution, such Board Resolution and Officer's Certificate, if any, shall be delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Notes.**

Unless otherwise specified as contemplated by Sections 301 or 1301(g), the Notes of each series shall be issuable in registered form without coupons. The definitive Notes shall be produced in such manner as shall be determined by the officers executing such Notes, as evidenced by their execution thereof.

### SECTION 202. FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION.

The Trustee's certificate of authentication shall be in substantially the form set forth below:

**This is one of the Notes of the series designated therein referred to in the within-mentioned Indenture.**



Dated: \_\_\_\_\_

The Bank of New York,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

### ARTICLE III THE NOTES

#### SECTION 301. AMOUNT UNLIMITED; ISSUABLE IN SERIES.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is unlimited.

The Notes may be issued in one or more series. Subject to the last paragraph of this Section, prior to the authentication and delivery of Notes of any series there shall be established by specification in a supplemental indenture or in a Board Resolution, or in an Officer's Certificate pursuant to a supplemental indenture or a Board Resolution:

- (a) the title of the Notes of such series (which shall distinguish the Notes of such series from Notes of all other series);
- (b) any limit upon the aggregate principal amount of the Notes of such series which may be authenticated and delivered under this Indenture (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of the series pursuant to Section 304, 305, 306, 506 or 1306 and, except for any Notes which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);
- (c) the Person or Persons (without specific identification) to whom interest on Notes of such series, or any Tranche thereof, shall be payable on any Interest Payment Date, if other than the Persons in whose names such Notes (or one or more Predecessor Notes) are registered at the close of business on the Regular Record Date for such interest;
- (d) the date or dates on which the principal of the Notes of such series or any Tranche thereof, is payable or any formulary or other method or other means by which such date or dates shall be determined, by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension);
- (e) the rate or rates at which the Notes of such series, or any Tranche thereof, shall bear interest, if any (including the rate or rates at which overdue principal shall bear interest, if

different from the rate or rates at which such Notes shall bear interest prior to Maturity, and, if applicable, the rate or rates at which overdue premium or interest shall bear interest, if any), or any formulary or other method or other means by which such rate or rates shall be determined, by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise; the date or dates from which such interest shall accrue; the Interest Payment Dates on which such interest shall be payable and the Regular Record Date, if any, for the interest payable on such Notes on any Interest Payment Date; and the basis of computation of interest, if other than as provided in Section 310;

(f) the place or places at which or methods by which (1) the principal of and premium, if any, and interest, if any, on Notes of such series, or any Tranche thereof, shall be payable, (2) registration of transfer of Notes of such series, or any Tranche thereof, may be effected, (3) exchanges of Notes of such series, or any Tranche thereof, may be effected and (4) notices and demands to or upon the Company in respect of the Notes of such series, or any Tranche thereof, and this Indenture may be served; the Note Registrar for such series; and if such is the case, that the principal of such Notes shall be payable without presentment or surrender thereof;

(g) the period or periods within which, or the date or dates on which, the price or prices at which and the terms and conditions upon which the Notes of such series, or any Tranche thereof, may be redeemed, in whole or in part, at the option of the Company and any restrictions on such redemptions, including but not limited to a restriction on a partial redemption by the Company of the Notes of any series, or any Tranche thereof, resulting in delisting of such Notes from any national exchange;

(h) the obligation or obligations, if any, of the Company to redeem or purchase the Notes of such series, or any Tranche thereof, pursuant to any sinking fund or other mandatory redemption provisions or at the option of a Holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the terms and conditions upon which such Notes shall be redeemed or purchased, in whole or in part, pursuant to such obligation, and applicable exceptions to the requirements of Section 504 in the case of mandatory redemption or redemption at the option of the Holder;

(i) the denominations in which Notes of such series, or any Tranche thereof, shall be issuable if other than denominations of \$1,000 and any integral multiple thereof;

(j) the currency or currencies, including composite currencies, in which payment of the principal of and premium, if any, and interest, if any, on the securities Notes of such series, or any Tranche thereof, shall be payable (if other than in Dollars);

(k) if the principal of or premium, if any, or interest, if any, on the Notes of such series, or any Tranche thereof, are to be payable, at the election of the Company or a Holder thereof, in a coin or currency other than that in which the Notes are stated to be payable, the period or periods within which and the terms and conditions upon which, such election may be made;

(l) if the principal of or premium, if any, or interest, if any, on the Notes of such series, or any Tranche thereof, are to be payable, or are to be payable at the election of the Company or

a Holder thereof, in securities or other property, the type and amount of such securities or other property, or the formulary or other method or other means by which such amount shall be determined, and the period or periods within which, and the terms and conditions upon which, any such election may be made;

(m) if the amount payable in respect of principal of or premium, if any, or interest, if any, on the Notes of such series, or any Tranche thereof, may be determined with reference to an index or other fact or event ascertainable outside this Indenture, the manner in which such amounts shall be determined to the extent not established pursuant to clause (e) of this paragraph;

(n) if other than the principal amount thereof, the portion of the principal amount of Notes of such series, or any Tranche thereof, which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 902;

(o) any Events of Default, in addition to those specified in Section 901, with respect to the Notes of such series, and any covenants of the Company for the benefit of the Holders of the Notes of such series, or any Tranche thereof, in addition to those set forth in Article Seven;

(p) the terms, if any, pursuant to which the Notes of such series, or any Tranche thereof, may be converted into or exchanged for shares of capital stock or other Notes of the Company or any other Person;

(q) the obligations or instruments, if any, which shall be considered to be Eligible Obligations in respect of the Notes of such series, or any Tranche thereof, denominated in a currency other than Dollars or in a composite currency, and any additional or alternative provisions for the reinstatement of the Company's indebtedness in respect of such Notes after the satisfaction and discharge thereof as provided in Section 801;

(r) if the Notes of such series, or any Tranche thereof, are to be issued in global form, (i) any limitations on the rights of the Holder or Holders of such Notes to transfer or exchange the same or to obtain the registration of transfer thereof, (ii) any limitations on the rights of the Holder or Holders thereof to obtain certificates therefor in definitive form in lieu of temporary form and (iii) any and all other matters incidental to such Notes;

(s) if the Notes of such series, or any Tranche thereof, are to be issuable as bearer Notes, any and all matters incidental thereto which are not specifically addressed in a supplemental indenture as contemplated by clause (g) of Section 1301;

(t) to the extent not established pursuant to clause (r) of this paragraph, any limitations on the rights of the Holders of the Notes of such Series, or any Tranche thereof, to transfer or exchange such Notes or to obtain the registration of transfer thereof; and if a service charge will be made for the registration of transfer or exchange of Notes of such series, or any Tranche thereof, the amount or terms thereof;

(u) any exceptions to Section 113, or variation in the definition of Business Day, with respect to the Notes of such series, or any Tranche thereof;

(v) if any Notes of the series are issued prior to the Release Date, the designation of the series of Senior Note First Mortgage Bonds to be delivered to the Trustee in connection with the issuance of such series of Notes;

(w) any collateral security, assurance or guarantee for such series of Notes (other than the Senior Note First Mortgage Bonds); and

(x) any other terms of the Notes of such series, or any Tranche thereof, not inconsistent with the provisions of this Indenture.

With respect to Notes of a series subject to a Periodic Offering, the indenture supplemental hereto or the Board Resolution which establishes such series, or the Officer's Certificate pursuant to such supplemental indenture or Board Resolution, as the case may be, may provide general terms or parameters for Notes of such series and provide either that the specific terms of Notes of such series, or any Tranche thereof, shall be specified in a Company Order or that such terms shall be determined by the Company or its agents in accordance with procedures specified in a Company Order as contemplated by clause (b) of the third paragraph of Section 303.

## SECTION 302. DENOMINATIONS.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Notes, or any Tranche thereof, the Notes of each series shall be issuable in denominations of \$1,000 and any integral multiple thereof.

## SECTION 303. EXECUTION, AUTHENTICATION, DELIVERY AND DATING.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Notes, or any Tranche thereof, the Notes shall be executed on behalf of the Company by an Authorized Officer and may have the corporate seal of the Company affixed thereto or reproduced thereon attested by any other Authorized Officer. The signature of any or all of these officers on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signatures of individuals who were at the time of execution Authorized Officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

The Trustee shall authenticate and deliver Notes of a series, for original issue, at one time or from time to time in accordance with the Company Order referred to below, upon receipt by the Trustee of:

(a) the instrument or instruments establishing the form or forms and terms of such series, as provided in Sections 201 and 301;

(b) a Company Order requesting the authentication and delivery of such Notes and, to the extent that the terms of such Notes shall not have been established in an indenture supplemental hereto or in a Board Resolution, or in an Officer's Certificate pursuant to a supplemental indenture or Board Resolution, all as contemplated by Sections 201 and 301, either (i) establishing such terms or (ii) in the case of Notes of a series subject to a Periodic Offering, specifying procedures, acceptable to the Trustee, by which such terms are to be established (which procedures may provide, to the extent acceptable to the Trustee, for authentication and delivery pursuant to oral or electronic instructions from the Company or any agent or agents thereof, which oral instructions are to be promptly confirmed electronically or in writing), in either case in accordance with the instrument or instruments delivered pursuant to clause (a) above; the Notes of such series, executed on behalf of the Company by an Authorized Officer;

(c) if prior to the Release Date, Senior Note First Mortgage Bonds of a series conforming to the requirements of Sections 401 and 402 hereof;

(d) the Notes of such series, executed on behalf of the Company by an Authorized Officer;

(e) an Opinion of Counsel to the effect that:

(i) the form or forms of such Notes have been duly authorized by the Company and have been established in conformity with the provisions of this Indenture;

(ii) the terms of such Notes have been duly authorized by the Company and have been established in conformity with the provisions of this Indenture; and

(iii) assuming authentication and delivery by the Trustee and subject to any conditions specified in such Opinion of Counsel, such Notes will have been duly issued under the Indenture and will be legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other laws affecting mortgagees' and other creditors' rights and general equitable principles;

(iv) if prior to the Release Date, the Senior Note First Mortgage Bonds being delivered to the Trustee in connection with the issuance of such Notes, assuming authentication by the Mortgage Trustee in accordance with the First Mortgage and delivery to the Trustee and subject to any conditions specified in such Opinion of Counsel, will have been duly authorized by the Company and duly issued under the First Mortgage and will constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other laws affecting mortgagees' and other creditors' rights and general equitable principles, and such Senior Note First Mortgage Bonds are entitled to the benefits of the security afforded by the First Mortgage, and are secured equally and ratably with all other

bonds outstanding thereunder, except insofar as any sinking or other fund may afford additional security for the bonds of any particular series; provided, however, that certain remedies, waivers and other provisions of the First Mortgage may not be enforceable, but such unenforceability will not render the First Mortgage invalid as a whole or affect the judicial enforcement of (i) the obligation of the Company to repay the principal, together with the interest thereon as provided in the Senior Note First Mortgage Bonds or (ii) the right of the trustees under the First Mortgage to exercise their right to foreclose under the First Mortgage.

provided, however, that, with respect to Notes of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first authentication of such Notes (provided that such Opinion of Counsel addresses the authentication and delivery of all Notes of such series) and that in lieu of the opinions described in clauses (ii) and (iii) above Counsel may opine that:

(x) when the terms of such Notes shall have been established pursuant to a Company Order or Orders or pursuant to such procedures (acceptable to the Trustee) as may be specified from time to time by a Company Order or Orders, all as contemplated by and in accordance with the instrument or instruments delivered pursuant to clause (a) above, such terms will have been duly authorized by the Company and will have been established in conformity with the provisions of this Indenture; and

(y) such Notes, when authenticated and delivered by the Trustee in accordance with this Indenture and the Company Order or Orders or specified procedures referred to in paragraph (x) above and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by the Indenture, and enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

With respect to Notes of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and other documents delivered pursuant to Sections 201 and 301 and this Section, as applicable, at or prior to the time of the first authentication of Notes of such series unless and until such opinion or other documents have been superseded or revoked or expire by their terms. In connection with the authentication and delivery of Notes of a series subject to a Periodic Offering, the Trustee shall be entitled to assume that the Company's instructions to authenticate and deliver such Notes do not violate any rules, regulations or orders of any Governmental Authority having jurisdiction over the Company.



If the form or terms of the Notes of any series have been established by or pursuant to a Board Resolution or an Officer's Certificate as permitted by Sections 201 or 301, the Trustee shall not be required to authenticate such Notes if the issuance of such Notes pursuant to this Indenture will materially or adversely affect the Trustee's own rights, duties or immunities under the Notes and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Unless otherwise specified as contemplated by Section 301 with respect to any series of Notes, or any Tranche thereof, each Note shall be dated the date of its authentication.

Unless otherwise specified as contemplated by Section 301 with respect to any series of Notes, or any Tranche thereof, no Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee or its agent by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Note shall have been authenticated and delivered hereunder to the Company, or any Person acting on its behalf, but shall never have been issued and sold by the Company, and the Company shall deliver such Note to the Note Registrar for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Note has never been issued and sold by the Company, for all purposes of this Indenture such Note shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits hereof.

#### SECTION 304, TEMPORARY NOTES.

Pending the preparation of definitive Notes of any series, or any Tranche thereof, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Notes may determine, as evidenced by their execution of such Notes; provided, however, that temporary Notes need not recite specific redemption, sinking fund, conversion or exchange provisions.

Unless otherwise specified as contemplated by Section 301 with respect to the Notes of any series, or any Tranche thereof, after the preparation of definitive Notes of such series or Tranche, the temporary Notes of such series or Tranche shall be exchangeable, without charge to the Holder thereof, for definitive Notes of such series or Tranche, upon surrender of such temporary Notes at the office or agency of the Company maintained pursuant to Section 702 in a Place of Payment for such Notes. Upon such surrender of temporary Notes, the Company shall, except as aforesaid, execute and the Trustee shall authenticate and deliver in exchange therefor definitive Notes of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Until exchanged in full as hereinabove provided, temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes of the same series and Tranche and of like tenor authenticated and delivered hereunder.

#### SECTION 305. REGISTRATION, REGISTRATION OF TRANSFER AND EXCHANGE.

The Company shall cause to be kept in each office designated pursuant to Section 702, with respect to the Notes of each series or any Tranche thereof, a register (all registers kept in accordance with this Section being collectively referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes of such series or Tranche and the registration of transfer thereof. The Company shall designate one Person to maintain the Note Register for the Notes of each series on a consolidated basis, and such Person is referred to herein, with respect to such series, as the "Note Registrar." Anything herein to the contrary notwithstanding, the Company may designate one or more of its offices as an office in which a register with respect to the Notes of one or more series, or any Tranche or Tranches thereof, shall be maintained, and the Company may designate itself the Note Registrar with respect to one or more of such series. The Note Register shall be open for inspection by the Trustee and the Company at all reasonable times.

Except as otherwise specified as contemplated by Section 301 with respect to the Notes of any series, or any Tranche thereof, upon surrender for registration of transfer of any Note of such series or Tranche at the office or agency of the Company maintained pursuant to Section 702 in a Place of Payment for such series or Tranche, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Except as otherwise specified as contemplated by Section 301 with respect to the Notes of any series, or any Tranche thereof, any Note of such series or Tranche may be exchanged at the option of the Holder, for one or more new Notes of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Notes to be exchanged at any such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive.

All Notes delivered upon any registration of transfer or exchange of Notes shall be valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Trustee or the Note Registrar) be duly endorsed or shall be accompanied by a written instrument of transfer in form satisfactory to the Company, the Trustee or the Note Registrar, as the case may be, duly executed by the Holder thereof or his attorney duly authorized in writing.



Unless otherwise specified as contemplated by Section 301 with respect to Notes of any series, or any Tranche thereof, no service charge shall be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 304, 506 or 1306 not involving any transfer.

The Company shall not be required to execute or to provide for the registration of transfer of or the exchange of (a) Notes of any series, or any Tranche thereof, during a period of 15 days immediately preceding the day of the mailing of a notice of redemption of the Notes of such series or Tranche or (b) any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

#### SECTION 306. MUTILATED, DESTROYED, LOST AND STOLEN NOTES.

**If any mutilated Note is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Note of the same series, and of like tenor and principal amount and bearing a number not contemporaneously outstanding.**

**If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the ownership of and the destruction, loss or theft of any Note and (b) such security or indemnity as may be reasonably required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Note is held by a Person purporting to be the owner of such Note, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of the same series and Tranche, and of like tenor and principal amount and bearing a number not contemporaneously outstanding.**

**Notwithstanding the foregoing, in case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Note, pay such Note.**

**Upon the issuance of any new Note under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) connected therewith.**

**Every new Note of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone other than the Holder of such new Note, and any such new Note shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of such series duly issued hereunder.**

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

#### SECTION 307. PAYMENT OF INTEREST; INTEREST RIGHTS PRESERVED.

Unless otherwise specified as contemplated by Section 301 with respect to the Notes of any series, or any Tranche thereof, interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Note of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the related Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes of such series (or their respective Predecessor Notes) are registered at the close of business on a date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall promptly cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Notes of such series at the address of such Holder as it appears in the Note Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Notes of such series (or their respective Predecessor Notes) are registered at the close of business on such Special Record Date.

(b) The Company may make payment of any Defaulted Interest on the Notes of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section and Section 305, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

#### SECTION 308. PERSONS DEEMED OWNERS.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and premium, if any, and (subject to Sections 305 and 307) interest, if any, on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

#### SECTION 309. CANCELLATION BY NOTE REGISTRAR.

All Notes surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Note Registrar, be delivered to the Note Registrar and, if not theretofore canceled, shall be promptly canceled by the Note Registrar. The Company may at any time deliver to the Note Registrar for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever or which the Company shall not have issued and sold, and all Notes so delivered shall be promptly canceled by the Note Registrar. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Indenture. All certificates representing canceled Notes held by the Note Registrar shall be disposed of in accordance with the customary practices of the Note Registrar at the time in effect, and the Note Registrar shall not be required to destroy any such certificates. The Note Registrar, if other than the Trustee, shall promptly deliver a certificate of disposition with respect to such disposed certificates to the Trustee and the Company unless, by a Company Order, similarly delivered, the Company shall direct that canceled Notes be returned to it. The Note Registrar, if other than the Trustee, shall promptly deliver evidence of any cancellation of a Note in accordance with this Section to the Trustee and the Company. **If the Trustee is the entity that is acting as Note Registrar, it shall promptly deliver to the Company a certificate of disposition with respect to any certificates disposed of and/or evidence of any cancellation of a Note, in each case in accordance with this Section, if so requested by a Company Order.**

#### SECTION 310. COMPUTATION OF INTEREST.

Except as otherwise specified as contemplated by Section 301 for Notes of any series, or any Tranche thereof, interest on the Notes of each series shall be computed on the basis of a 360-day year consisting of twelve 30-day months and on the basis of the actual number of days elapsed within any month in relation to the deemed 30 days of such month.

## SECTION 311. PAYMENT TO BE IN PROPER CURRENCY.

In the case of the Notes of any series, or any Tranche thereof, denominated in any currency other than Dollars or in a composite currency (the "Required Currency"), except as otherwise specified with respect to such Notes as contemplated by Section 301, the obligation of the Company to make any payment of the principal thereof, or the premium or interest thereon, shall not be discharged or satisfied by any tender by the Company, or recovery by the Trustee, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the Trustee timely holding the full amount of the Required Currency then due and payable. **If any such tender or recovery is in a currency other than the Required Currency, the Trustee may take such actions as it considers appropriate to exchange such currency for the Required Currency. The costs and risks of any such exchange, including without limitation the risks of delay and exchange rate fluctuation, shall be borne by the Company, the Company shall remain fully liable for any shortfall or delinquency in the full amount of Required Currency then due and payable, and in no circumstances shall the Trustee be liable therefor except in the case of its negligence or willful misconduct.**

## SECTION 312. PAYMENTS ON SENIOR NOTE FIRST MORTGAGE BONDS.

Subject to Section 403 and Articles Eight and Nine hereof, all payments made by the Company to the Trustee on Senior Note First Mortgage Bonds shall be applied by the Trustee to pay, when due, principal of, and premium, if any, and interest on the Notes of the related series of Notes and, to the extent so applied, shall satisfy the Company's obligations in respect of payment of principal of, and premium, if any, and interest on such Notes. The Company shall pay to the Trustee principal of, and premium, if any, and interest on Senior Note First Mortgage Bonds of each series in a manner and at a time that will enable the Trustee to make payments when due, of principal of, and premium, if any, and interest on the Notes of the related series.

## ARTICLE IV SENIOR NOTE FIRST MORTGAGE BONDS

### SECTION 401. ACCEPTANCE OF SENIOR NOTE FIRST MORTGAGE BONDS; REGISTRATION AND OWNERSHIP OF SENIOR NOTE FIRST MORTGAGE BONDS.

At or prior to the time of issuance of a series of Notes hereunder at any time prior to the Release Date, the Company shall issue and deliver to the Trustee for the benefit of the Holders of all Notes from time to time Outstanding as described in Section 403 hereof, and the Trustee shall accept therefor, Senior Note First Mortgage Bonds of a series of Senior Note First Mortgage Bonds not theretofore delivered to the Trustee. All Senior Note First Mortgage Bonds shall be registered in the name of the Trustee or its nominee and shall be held by the Trustee, subject to the provisions of this Indenture, for the benefit of the Holders of all Notes from time to time Outstanding, and the Company shall have no interest therein.

## SECTION 402. TERMS OF SENIOR NOTE FIRST MORTGAGE BONDS.

Each series of Senior Note First Mortgage Bonds issued and delivered to the Trustee pursuant to Section 401 hereof in respect of a series of Notes being issued hereunder shall have the same rate or rates of interest (or interest calculated in the same manner) (including interest payable following a default on the Notes), interest payment dates, maturity and redemption provisions, and shall be in the same aggregate principal amount, as such series of Notes.

## SECTION 403. SENIOR NOTE FIRST MORTGAGE BONDS AS SECURITY FOR NOTES.

Until the Release Date and subject to Article Eight hereof, Senior Note First Mortgage Bonds issued and delivered to the Trustee shall serve as security for any and all obligations of the Company under all Notes from time to time Outstanding, including, but not limited to (1) the full and prompt payment of the principal and premium, if any, on such Notes when and as the same shall become due and payable in accordance with the terms and provisions of this Indenture or such Notes, either at the Stated Maturity thereof, upon acceleration of the maturity thereof, upon redemption, or otherwise, and (2) the full and prompt payment of any interest on such Notes when and as the same shall become due and payable in accordance with the terms and provisions of this Indenture or the Notes including, if and to the extent provided for in such Notes, interest on overdue installments of principal and (to the extent permitted by law) interest on overdue installments of interest.

Each supplemental indenture to the First Mortgage pursuant to which any Senior Note First Mortgage Bonds are issued shall contain a provision to the effect that any payment by the Company hereunder of principal of or premium or interest on Notes which shall have been authenticated and delivered in connection with the issuance and delivery to the Trustee of such Senior Note First Mortgage Bonds (other than by the application of the proceeds of a payment in respect of such Senior Note First Mortgage Bonds) shall to the extent thereof, be deemed to satisfy and discharge the obligation of the Company, if any, to make a payment of principal, premium or interest, as the case may be, in respect of such Senior Note First Mortgage Bonds which is then due.

Notwithstanding anything in this Indenture to the contrary, from and after the Release Date, the obligation of the Company to make payment with respect to the principal of and premium, if any, and interest on the Senior Note First Mortgage Bonds shall be deemed satisfied and discharged as provided in the supplemental indenture or indentures to the First Mortgage creating such Senior Note First Mortgage Bonds and the Senior Note First Mortgage Bonds shall cease to secure in any manner Notes theretofore or subsequently issued. From and after the Release Date, all Notes, whether theretofore or subsequently issued, shall be unsecured, and any conditions to the issuance of Notes that refer or relate to Senior Note First Mortgage Bonds or the First Mortgage shall be inapplicable. Following the Release Date, the Company shall cause the First Mortgage to be closed and the Company shall not issue any additional First Mortgage Bonds or Senior Note First Mortgage Bonds under the First Mortgage. Notice of the occurrence of the Release Date shall be given by the Trustee to the Holders of the Notes in the manner provided for in Section 106 hereof not later than 30 days after the Company notifies the Trustee of the occurrence of the Release Date.



In connection with the establishment of the occurrence of the Release Date, the Trustee shall be entitled to receive, may presume the correctness of, and shall be fully protected in relying upon, the Officer's Certificate stating that the conditions to the occurrence of the Release Date have been satisfied.

#### SECTION 404. FAIR VALUE CERTIFICATE.

(a) Upon the delivery by the Company to the Trustee of Senior Note First Mortgage Bonds pursuant to Section 401 hereof, the Company shall simultaneously therewith deliver to the Trustee a certificate of an Expert (1) stating that he or she is familiar with the provisions of such Senior Note First Mortgage Bonds and of this Indenture; (2) identifying such Senior Note First Mortgage Bonds; (3) identifying the Notes being issued contemporaneously therewith and (4) stating the fair value to the Company of such Senior Note First Mortgage Bonds. **If the fair value to the Company of the Senior Note First Mortgage Bonds so delivered, as described in the certificate to be delivered pursuant to this Section 404(a), both (1) is equal to or exceeds (A) \$25,000 and (B) 1% of the principal amount of the Notes outstanding at the date of delivery of such Senior Note First Mortgage Bonds and (2) together with the fair value to the Company, as described in the certificates delivered pursuant to this Section 404(a), of all other Senior Note First Mortgage Bonds delivered to the Trustee since the commencement of the then current calendar year, is equal to or exceeds 10% of the principal amount of the Notes outstanding at the date of delivery of such Senior Note First Mortgage Bonds, then the certificate required by this Section 404(a) shall (1) be delivered by an Independent Expert and (2) shall, in addition to the certifications described above, state the fair value to the Company of all Senior Note First Mortgage Bonds delivered to the Trustee pursuant to Section 401 hereof since the commencement of the then current year as to which a certificate was not delivered by an Independent Expert.**

(b) **If Senior Note First Mortgage Bonds are delivered or surrendered to the Company pursuant to Sections 403, 407 or 409 hereof, the Company shall simultaneously therewith deliver to the Trustee a certificate of an Expert (1) stating that it is familiar with the provisions of such Senior Note First Mortgage Bonds and of this Indenture, (2) identifying such Senior Note First Mortgage Bonds, (3) if applicable, identifying the Notes, the payment of the interest on and principal of which has been discharged hereunder, (4) stating that such delivery or surrender will not impair the lien of this Indenture in contravention of the provisions of this Indenture. If, prior to the Release Date, the fair value of the Senior Note First Mortgage Bonds so delivered and surrendered, as described in the certificate to be delivered pursuant to this Section 404(b), both (1) is equal to or exceeds (A) \$25,000 and (B) 1% of the principal amount of the Notes outstanding at the date of delivery or surrender of such Senior Note First Mortgage Bonds and (2) together with the fair value, as described in the certificates delivered pursuant to this Section 404(b), of all other Senior Note First Mortgage Bonds released from the lien of this Indenture since the commencement of the then current calendar year, is equal to or exceeds 10% of the principal amount of the Notes outstanding at the date of delivery or surrender of such Senior Note First Mortgage Bonds, then the certificate required by this Section 404(b) shall be delivered by an Independent Expert.**